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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/779,486

02/13/2004

Peter Hansen

1100-074

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25881

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04/28/2009

EPSTEIN DRANGEL BAZERMAN & JAMES, LLP
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EXAMINER

WOOD, DAVID L

ART UNIT

PAPER NUMBER

3695

MAIL DATE

DELIVERY MODE

04/28/2009

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/779,486	Applicant(s) HANSEN ET AL.	
	Examiner David L. Wood	Art Unit 3695	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 17 February 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 26-39 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 26-39 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Status of Claims

1. Claims 26, 29-34, and 39 are amended. Claims 26-39 are pending, of which claims 26 and 39 are independent, and have been examined.

Response to Amendment

2. Applicant's amendments to claims 26 and 39 to overcome rejections under Section 101 are insufficient to overcome the rejections, which are maintained. Subsequent to the mailing of the final action, the Federal Circuit issued its order in the *Bilski* case, which provided additional guidance on claim language pertaining to the "particular machine" which the office has interpreted and is included in this action. In looking to the body of claims 26 and 39, we find an "electronic data connection." However, this could be interpreted to be something as simple as a telephone connection, so it is not a tie to a "particular machine." Further use of this connection does not clarify its identity. Although it could be, for example, a computer digital connection, since no computer is present in the body of the claims, it could be interpreted in other ways. Although it may be argued that "electronic data" is limiting, that could also be data in analog waveform as in a traditional telephone connection. The "interface" of the claims are also non-limiting and could represent almost anything physical or logical. The original problem with the claims being interpreted as software is still possible, since the primary operative steps of the methods could have been tied to a

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specially-programmed computer, but are not. The “modules” remain, and may represent software *per se*. “Data intercepted over an electronic data connection” could be something overhead in a wiretap. Finally, even the preamble suggests that the claims represent only software, in that they proclaim “a computer process” but the bodies of the claims don't include the computer.

Response to Arguments

3. Applicant's arguments, see pages 11-20, filed 2/17/2009, with respect to the Section 103 rejections have been fully considered and are persuasive. The Section 103 rejections of claims 26-39 has been withdrawn. The careful manner in which the differences between “soft dollar” and “step-out commissions” are argued is acknowledged. Although the two terms are used in some references as pertaining to the same concept, it is true that some references distinguish them as separate actions. The Arvedlund reference, for example, suggests that step-outs are an alternative to soft dollars, such as in the final column of the article. Although both soft dollars and step-outs of commissions due seek to compensate third parties from monies moving between traders and executing brokers for services (or perhaps not), the Examiner acknowledges that they use different mechanisms for compensating the third parties.

Examiner Note

4. The Examiner notes that the term “intercept” has at least two possible meanings. One suggests that the thing intercepted is interrupted. The other meaning implies

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something more along the lines of eavesdropping. Since the specification includes this statement starting at page 10, the second meaning is considered the meaning intended: "The system non-intrusively intercepts records pertaining to orders and executions without interfering with the communications between the trader and the executing venue." The second meaning may imply that the intercepting (eavesdropping) is done secretly, but that is not a necessary element, so the term is construed broadly to include both secret and non-secret intercepting. These meanings are taken from the Merriam-Webster New Collegiate Dictionary, since no explicit definitions are otherwise present in the specification.

Claim Rejections - 35 USC § 101

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

6. Claims 26-39 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims disclose methods, which *are* a patentable category of invention. However, based on Supreme Court precedent and recent Federal Circuit decisions, a § 101 process must (1) be tied to another a particular machine or apparatus, or (2) transform underlying subject matter, such as an article or materials, into a different state or thing. If neither of these requirements is met by the body of the claim, the method is not a patent eligible process under § 101 and is rejected as being directed to non-statutory subject matter. See *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v.*

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Benson, 409 U.S. 63, 70-71 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876); *Ex parte Langemyr* (BPAI No. 2008-1495, May 28, 2008), *In re Bilski*, 545 F.3d 943, 88 USPQ2d 1385 (Fed. Cir. 2008)(*en banc*).

Claim Rejections - 35 USC § 112

7. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

8. Claim 39 is rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The final clause of claim 39 has two possible interpretations, and it is not clear if both are intended. The clause reads as follows: "*notifying said research broker via an interface of said step-out payments over set period of time payable to said research broker without disclosure of said commission payment made to said executing broker.*" The first interpretation is that the research broker is not disclosed information about the commission which was paid to the executing broker. The second interpretation is that the research broker is informed about its step-out payments, but the executing broker is not disclosed about the commission payment that was made to that executing broker. Although the clause immediately preceding reads, "*notifying the executing broker via an interface of the availability of said commission payments over set period of time payable to said executing broker,*" it doesn't actually say the executing broker is informed about the commission payment, or that it is made, only that it is available. There is also some fuzziness in the clause immediately

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preceding both of these: "*suggesting to a trader via an interface said commission payments and performing said commission payments automatically over said computer system.*" The confusion comes from the "*suggesting*" and the "*performing ... automatically.*" At page 25 of the specification is this statement: "The suggested step-outs and step-ins are capable of being controlled by the trader." It is not clear how the trader can control payments which are automatically made. The next sentence in the specification is as follows: "The system therefore is capable of automating the process of paying the required commissions while providing the trader with the ultimate control." So perhaps some payments are required and automatically paid while others are discretionary and only suggested. Suggestion may mean to mention or imply, to propose, to offer for consideration. This at least connotes a lack of automatic action, which creates tension within the claim that one of ordinary skill may not be able to resolve.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to David L. Wood whose telephone number is (571)270-3607. The examiner can normally be reached on Monday to Friday 7:30 - 5:00 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles Kyle can be reached on 571-272-6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://www.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (in USA or Canada) or 571-272-1000.

/David L. Wood/
Examiner, Art Unit 3695
April 21, 2009

/Charles R. Kyle/
Supervisory Patent Examiner, Art Unit 3695